



**RBA: Marshall Inducement Resolution
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO: 4
AGENDA DATE: 12/09/2010
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SUBJECT: Approve an inducement resolution for private activity bond financing to be submitted to the Texas Bond Review Board for an allocation of up to \$6 million in private activity volume cap multi-family non-recourse bonds for the acquisition and rehabilitation of the Marshall Apartments, 1401 East 12th Street and 1157 Salina Street by the bond financing applicant, MARSHALL AFFORDABLE PARTNERS, LTD., Montgomery, Alabama, or its affiliate.

AMOUNT & SOURCE OF FUNDING:

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING DEPARTMENT: Austin Housing Finance Corporation

FOR MORE INFORMATION CONTACT: Elizabeth A. Spencer, Acting Treasurer,
Austin Housing Finance Corporation, 974-3182

PRIOR COUNCIL ACTION:

PRIOR BOARD ACTION:

Request

Approval of this inducement resolution will permit staff to submit an application to the Texas Bond Review Board (BRB) requesting consideration to authorize the Austin Housing Finance Corporation (AHFC) to issue multi-family housing revenue bonds to assist with the acquisition and rehabilitation of the Marshall Apartments by Marshall Affordable Partners, Ltd. (the "Applicant").

Regulations governing the issuance of revenue bonds for the purpose of financing affordable housing specify that the bonds are non-recourse, and the full faith and credit of the AHFC or the City of Austin is not pledged to repay the bonds.

The Applicant

Marshall Affordable Partners, Ltd., is an affiliate of Summit Housing Partners, Inc. ("Summit") which owns and operates affordable and workforce housing with approximately 13,500 units in 87 apartment communities in nine states. Summit's business model is to acquire, rehabilitate, and operate Project-Based Section 8 or Low-Income Housing Tax Credit properties.

Process

- If approved, the AHFC Board will have two additional opportunities to review the project before the bonds are issued.
 - Upon securing confirmation from the Texas BRB of an allocation for this project, a public hearing will be conducted as required by the Tax Equity Financial Responsibility Act (TEFRA). The suggested date and time for this hearing is January 13, 2011 at 3:00 p.m. at Austin City Hall, 301 West 2nd Street.
 - When the bond issue is structured, the item will be brought back to the AHFC Board for approval of the sale of the bonds within the allotted time allowed by the Texas BRB for closing.
- The Applicant will secure four percent Low-Income Housing Tax Credits from the Texas Department of Housing and Community Affairs. Such tax credits are automatically available to volume cap bond-financed projects. These tax credits help finance equity needed to carry out the project.

AHFC as Bond Issuer

- Since 1982, AHFC has issued 25 series of multi-family housing revenue bonds totaling \$226,275,000. These multi-family bonds have financed 33 multi-family properties, creating 6,582 low- and moderate-income rental units.
- The issuance of six million in revenue bonds will generate an issuer's fee to the AHFC of approximately \$30,000 (one-half of one percent of the amount of bonds issued).
- AHFC received a \$5,000 application fee from the Applicant.
- AHFC will receive approximately \$1,560 annually as a monitoring fee over the life of the bonds. The fee is calculated at .0003 times the amount of bonds issued.

Project Characteristics

- Marshall Apartments is a Project-Based Section 8 property consisting of 100 units in two locations: 1401 East 12th Street (40 units) and 1157 Salina Street (60 units). Project-Based Section 8 properties receive a direct subsidy from the U.S. Department of Housing and Urban Development (HUD) for each unit for a specified period of time, up to 20 years. "Project-Based" means the HUD subsidy stays with the unit and is not portable for the resident to use elsewhere as is the case with the Housing Choice Voucher Program (formerly called "Section 8") administered by public housing authorities.
- The apartments were constructed in 1968. The Project consists of 24 one-bedroom units, 36 two-bedroom units, 24 three-bedroom units, and 16 four-bedroom units. Each of the four-bedroom units has two baths. The units are contained in 19 two-story residential buildings of wood and brick construction.
- As of September 2010, the property was 98 percent occupied with a waiting list. No relocation of tenants will be necessary during renovations which are expected to be complete by November 1, 2011, and will include:
 - replacement of appliances with Energy Star-rated appliances,
 - replacement of windows with "low-e" windows,
 - new flooring;
 - new kitchen and bathroom cabinets and bathroom fixtures; and
 - ceiling fans in living areas and all bedrooms

- Exterior improvements will include painting, additional landscaping and fencing, a community room, a social services office, and a computer learning center.

Population Served

Incomes are capped at 50 percent of Median Family Income (MFI), currently \$36,900 for a family of four. However, the information provided states that all current tenants have incomes at or below 30 percent MFI, \$22,150 for a family of four.